August 3, 2011

Advice Letter 3857-E

Brian K. Cherry
Vice President, Regulation and Rates
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

Subject: Filing in Compliance with Resolution E-4402, Approving with Conditions the Power Purchase Agreement for Procurement of Renewable Energy Resources Between Shiloh III Wind Project, LLC, and PG&E Company

Dear Mr. Cherry:

Advice Letter 3857-E is effective August 2, 2011.

Sincerely,

Julie A. Fitch, Director
Energy Division
June 9, 2011

Advice 3857-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Filing in Compliance With Resolution E-4402, Approving With Conditions the Power Purchase Agreement for Procurement of Renewable Energy Resources Between Shiloh III Wind Project, LLC, and Pacific Gas and Electric Company

Introduction

Pacific Gas and Electric Company (“PG&E”) submits this Advice Letter in compliance with Resolution E-4402, issued May 27, 2011, which conditionally approved PG&E’s renewable purchase power agreement (“PPA”) with the Shiloh III Wind Project, LLC (“Shiloh III”). PG&E hereby submits the Third Amendment to the Shiloh III PPA, which incorporates certain non-modifiable standard terms and conditions as required by Decision (“D.”) 10-03-021, as amended by D.11-01-025.

Background

In Resolution E-4402, the California Public Utilities Commission (“CPUC” or “Commission”) conditionally approved the Shiloh PPA, which was filed in PG&E’s Advice Letter 3735-E on September 10, 2010. In Ordering Paragraph 2 of the Resolution, the Commission required PG&E to submit a Tier 1 Advice Letter to demonstrate that the Shiloh III contract has been amended to include all relevant non-modifiable standard terms and conditions currently required by the Commission.

Demonstration of Compliance:

D.10-03-021, as modified by D.11-01-025, sets forth two non-modifiable standard terms and conditions that shall be included in all contracts for procurement for compliance with the California renewables portfolio standard: Standard Term and Condition (“STC”) REC-1 (Transfer of Renewable Energy Credits) and STC REC-2 (Tracking of RECs in
WREGIS). Appendix A to this filing is the Third Amendment to the Shiloh III PPA, which incorporates the precise language of STC REC-1 and STC REC-2.¹

D.10-03-021, as modified by D.11-01-025, also requires additional non-modifiable STCs for “contracts for purchase of renewable energy credits only”: STC REC-3 and STC 17.² Because the Shiloh III PPA qualifies as “bundled” procurement under the requirements of these decisions and is not a contract for renewable energy credits only, STC REC-3 is not relevant and need not be incorporated into the Shiloh III PPA. In addition, the Shiloh III PPA as filed in Advice Letter 3735-E in September 2010 already contained the non-modifiable term STC 17.

Therefore, with the Third Amendment, the Shiloh III PPA contains all relevant non-modifiable terms required by the Commission for contracts for the purchase of electricity from eligible renewable energy resources.

Public Appendix:

Appendix A – Third Amendment to Power Purchase Agreement

Protests:

The protest and comment period for the PPA should not be re-opened. This compliance filing only updates the PPA non-modifiable standard terms and conditions in accordance with Resolution E-4402.

Effective Date:

Because PG&E submits this as a Tier 1 advice filing, it is effective pending disposition.

Notice:

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list. Address

¹ See Decision (“D.”) 11-01-025 at 46 (Ordering Paragraph (“OP”) 4.P). D.11-01-025 contains a discrepancy in the required language for STC REC-1. In the version cited above, the phrase “Renewable Energy Credits” is capitalized. However, in the version of STC REC-1 contained on page 22 of Appendix A to the Decision (“Findings of fact, Conclusions of Law, and Order in D.10-03-021 as Modified by This Decision”), the phrase is not capitalized. PG&E has followed the capitalization used in the Ordering Paragraph of the Decision rather than in the Appendix, and it submits that capitalizing this phrase is appropriate because it is consistent with the use of the phrase elsewhere in the non-modifiable STCs and the Shiloh III PPA.

² Id. at 47 (OP 4.Q).
changes to the General Order 96-B service list and all electronic approvals should be
directed to e-mail PGETariffs@pge.com. For changes to any other service list, please
contact the Commission’s Process Office at (415) 703-2021 or at
Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com.
Advice letter filings can also be accessed electronically at: http://www.pge.com/tariffs.

Vice President – Regulation and Rates

cc: Service List for R.11-05-005
    Service List for R.10-05-006
    Paul Douglas – Energy Division
    Sean Simon – Energy Division

Attachments
Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 M)**

Utility type:  
- ☑ ELC  
- ☑ GAS  
- ☐ PLC  
- ☐ HEAT  
- ☐ WATER  

Contact Person: David Poster and Linda Tom-Martinez  

Phone #: (415) 973-1082 and (415) 973-4612  

E-mail: dxpu@pge.com and lmt1@pge.com

**EXPLANATION OF UTILITY TYPE**

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Advice Letter (AL) #: **3857-E**  

Payment of the filing fees:  
- [ ] By wire transfer to: [ ] By check payable to:  
- [ ] By credit card to: [ ] By debit card to:  

Tier: 1  

Subject of AL: **Filing in Compliance With Resolution E-4402, Approving With Conditions the Power Purchase Agreement for Procurement of Renewable Energy Resources Between Shiloh III Wind Project, LLC, and Pacific Gas and Electric Company**

Keywords (choose from CPUC listing): Contracts, Portfolio, Compliance

AL filing type:  
- [ ] Monthly  
- [ ] Quarterly  
- [ ] Annual  
- [ ] One-Time  
- [ ] Other  

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: **Resolution E-4402**

Does AL replace a withdrawn or rejected AL?  
- [ ] Yes  
- [ ] No

Summarize differences between the AL and the prior withdrawn or rejected AL: ____________________

Is AL requesting confidential treatment?  
- [ ] Yes  
- [ ] No

Confidential information will be made available to those who have executed a nondisclosure agreement:  
- [ ] Yes  
- [ ] No

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: ____________________

Resolution Required?  
- [ ] Yes  
- [ ] No

Requested effective date: **June 9, 2011**  

No. of tariff sheets: N/A

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests, dispositions, and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

**CPUC, Energy Division**  
**Tariff Files, Room 4005**  
**DMS Branch**  
**505 Van Ness Ave.,**  
**San Francisco, CA 94102**  

**Pacific Gas and Electric Company**  
**Attn: Brian Cherry**  
**Vice President, Regulation and Rates**  
**77 Beale Street, Mail Code B10C**  
**P.O. Box 770000**  
**San Francisco, CA 94177**  

**E-mail: PGETariffs@pge.com**

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Advice 3857-E

Appendix A
THIRD AMENDMENT TO POWER PURCHASE AGREEMENT

This Third Amendment to Power Purchase Agreement ("Amendment") is made and entered into between Pacific Gas and Electric Company, a California corporation ("Buyer" or "PG&E"), and Shiloh III Wind Project, LLC, a Delaware limited liability company ("Seller"), as of the date ("Execution Date") set forth on the signature page hereof.

RECITALS

WHEREAS, Buyer and Seller are Parties to that certain Power Purchase Agreement dated July 27, 2010, as amended by the First Amendment to Power Purchase Agreement dated February 25, 2011, and the Second Amendment to the Power Purchase Agreement dated March 28, 2011 ("Agreement");

WHEREAS, Buyer and Seller desire to amend the Agreement as set forth herein;

THEREFORE, for good and valuable consideration, Buyer and Seller agree as follows:

1. **Definitions.** Capitalize terms not otherwise defined herein have the same meaning as in the Agreement.

2. **Amendment to Section 10.2(c):** Replace the words “renewable energy credits” with the words “Renewable Energy Credits.”

3. **Amendment to Section 10.2(d):** Replace the words “renewable energy credits” with the words “Renewable Energy Credits.”

4. **Miscellaneous.**
   a. **Effect of Amendment.** The Agreement, as modified by this Amendment, remains in effect in accordance with its terms.
   b. **Entire Agreement.** The Agreement, as amended, shall constitute the entire agreement of the Parties with respect to the matters set forth therein and herein, and all references in the Agreement to the “Agreement” shall be deemed to refer to the Agreement and all amendments. If there is any conflict between the Agreement and this Amendment, this Amendment shall control.
   c. **Governing Law.** This Amendment shall be governed by, and construed and enforced in accordance with the governing law of the Agreement (without reference to conflict of law provisions). To the extent enforceable at such time, each party waives its respective right to any jury trial with respect to any litigation arising under or in connection with this Amendment.
   d. **Binding Effect.** This Amendment shall be binding on and inure to the benefit of and be enforceable by the Parties hereto and their respective successors and permitted assigns.
e. **Captions: Construction.** The headings used for the sections and articles herein are for convenience and reference purposes only and shall in no way affect the meaning or interpretation of the provisions of this Agreement. Any term and provision of this Amendment shall be construed simply according to its fair meaning and not strictly for or against any Party. The Parties collectively have prepared this Amendment, and none of the provisions hereof shall be construed against one Party on the ground that such Party is the author of this Amendment or any part hereof.

f. **Counterparts.** This Amendment may be executed in one or more counterparts each of which shall be deemed an original and all of which shall be deemed one and the same Amendment. Delivery of an executed counterpart of this Amendment by fax will be deemed as effective as delivery of an originally executed counterpart. Any Party delivering an executed counterpart of this Amendment by facsimile will also deliver an originally executed counterpart, but the failure of any Party to deliver an originally executed counterpart of this Agreement will not affect the validity or effectiveness of this Amendment.

g. **Any Amendments or Modifications.** This Amendment may only be amended or modified in writing signed by each of the Parties.

h. **Severability.** If any provision in this Amendment is determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Amendment and the Parties shall use their best efforts to modify this Amendment or the Agreement to give effect to the original intention of the Parties.

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**Agreement Execution**

In WITNESS WHEREOF, each Party has caused this Agreement to be duly executed by its authorized representative as of the dates provided below:

**SHILOH III WIND PROJECT, LLC, a Delaware limited liability company**  
**PACIFIC GAS AND ELECTRIC COMPANY, a California corporation**

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AT&T
Alcantar & Kahl LLP
Ameresco
Anderson & Poole
Arizona Public Service Company
BART
Barkovich & Yap, Inc.
Bartle Wells Associates
Bloomberg
Bloomberg New Energy Finance
Boston Properties
Braun Blaising McLaughlin, P.C.
Brookfield Renewable Power
CA Bldg Industry Association
CLECA Law Office
CSC Energy Services
California Cotton Ginners & Growers Assn
California Energy Commission
California League of Food Processors
California Public Utilities Commission
Calpine
Cardinal Cogen
Casper, Steve
City of Palo Alto
City of Palo Alto Utilities
Clean Energy Fuels
Coast Economic Consulting
Commercial Energy
Consumer Federation of California
Crossborder Energy
Davis Wright Tremaine LLP
Day Carter Murphy
Defense Energy Support Center
Department of Water Resources
Dept of General Services
Douglass & Liddell
Downey & Brand
Duke Energy
Dutcher, John
Economic Sciences Corporation
Ellison Schneider & Harris LLP
Foster Farms
G. A. Krause & Assoc.
GLJ Publications
GenOn Energy, Inc.
Goodin, MacBride, Squeri, Schlotz & Ritchie
Green Power Institute
Hanna & Morton
Hitachi
In House Energy
International Power Technology
Intestate Gas Services, Inc.
Lawrence Berkeley National Lab
Los Angeles Dept of Water & Power
Luce, Forward, Hamilton & Scripps LLP
MAC Lighting Consulting
MBMC, Inc.
MRW & Associates
Manatt Phelps Phillips
McKenzie & Associates
Merced Irrigation District
Modesto Irrigation District
Morgan Stanley
Morrison & Foerster
NLine Energy, Inc.
NRG West
Navigant Consulting
Norris & Wong Associates
North America Power Partners
North Coast SolarResources
Northern California Power Association
Occidental Energy Marketing, Inc.
OnGrid Solar
Praxair
R. W. Beck & Associates
RCS, Inc.
Recurrent Energy
SCD Energy Solutions
SCE
SMUD
SPURR
San Francisco Public Utilities Commission
Santa Fe Jets
Seattle City Light
Sempra Utilities
Sierra Pacific Power Company
Silicon Valley Power
Silo Energy LLC
Southern California Edison Company
Spark Energy, L.P.
Sun Light & Power
Sunshine Design
Sutherland, Asbill & Brennan
Tabors Caramanis & Associates
Tecogen, Inc.
Tiger Natural Gas, Inc.
TransCanada
Turlock Irrigation District
United Cogen
Utility Cost Management
Utility Specialists
Verizon
Wellhead Electric Company
Western Manufactured Housing
Communities Association (WMA)
eMeter Corporation